

STATE OF IDAHO TAX UPDATE

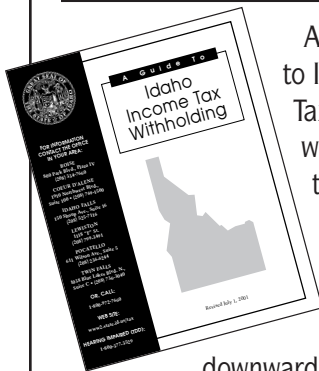
VOLUME THIRTEEN – NUMBER TWO

JUNE 2001



This issue of Tax Update deals with new tax laws and recreation. If you have questions about the material here, or if you need more information, contact any Idaho State Tax Commission office listed on the back of this newsletter.

Withholding Tables Revised for Employers



A new "Guide to Idaho Income Tax Withholding" will be mailed to employers in July. Withholding tables have been revised downward because of the 0.4% income tax reduction passed

by the Idaho Legislature.

If you do not receive your guide, you can print it from our Web site at www2.state.id.us/tax/publications.htm. Or, call us toll free at (800)972-7660 (334-7660 in the Boise area) and we will mail you one. The guide is also available from any of our offices listed on the back of this newsletter. (House Bill 3779, effective January 1, 2001)

ATVs/Snowmobiles/Boats May Qualify for Out-of-State Exemption

Beginning July 1, an ATV, snowmobile, or boat with an attached motor may qualify for an out-of-state exemption when it is purchased for use outside Idaho. The buyer must complete an exemption claim form for the seller's records. (Cont. on back)

Child Activity Centers Must Charge Tax

Child activity centers must charge sales tax on fees for using recreational facilities. This law isn't new, but it's not well understood.

Any child activity center that offers gymnastics, ice-skating, swimming, miniature golf, or similar activities must collect sales tax on the amount a customer is billed for the use of the center. If the center charges separately for instruction, that charge is not taxable.

For example, if a center has a gymnastics camp and charges \$100 for students to take part, the entire \$100 charge is taxable. But if the

center charges a \$60 registration fee and \$40 for instruction, only the \$60 registration fee is taxable.

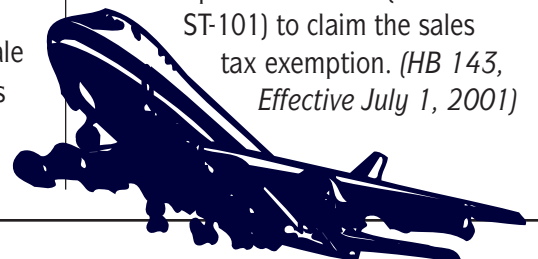
If a center provides a birthday party that includes the use of the recreational facility, the entire fee is taxable. For example, if a fee paid for a birthday party at a skating rink includes the right to skate, sales tax is due on the entire charge.

The center can buy party items, including food or balloons, for resale without paying tax. Then it collects sales tax from customers on the entire charge for the party.

Airline Sales Tax Exemption Expanded

Cargo and passenger airlines are exempt from sales tax on parts and repair and replacement materials for their aircraft, according to a new law effective July 1. The aircraft must be used primarily to transport passengers or freight for hire.

The airline must give the parts supplier or repair shop a completed exemption certificate (Form ST-101) to claim the sales tax exemption. (HB 143, Effective July 1, 2001)



Taxable Recreation Fees Explained

Should you charge sales tax on admissions? How about taxing the fees to use recreational facilities or health clubs? Here are some guidelines to help:

Admission charges—These have always been taxable under Idaho law. An admission charge buys the right to enter a place or event, or use a seat or table for a period of time.

Fees for using recreation or physical conditioning facilities and buildings—The facility owner should collect sales tax from the user and pay the tax to the state.

Separately-listed charges for instruction (e.g. ice-skating or gymnastics

lessons) are not taxable. However, if instruction is included with the use of a recreational facility (e.g. aerobic exercise, dance, martial arts) and the instruction fee is not listed separately, the entire charge for the activity is taxable.

If you have questions about these issues, we'd like to help. You can meet with a member of our Managed Audit staff by calling Michael Garrecht at (208) 334-7682 to schedule an appointment. Or you can get general information about sales tax by calling the Tax Commission at 334-7660 in Boise or (800) 972-7660 toll free.

ATVs/Snowmobiles/Boats

(Continued from front)

The new exemption applies if the ATV, snowmobile, or boat with attached motor meets all of the following requirements:

- It will be taken out of state from the point of delivery;
- It will be titled and licensed (if required) in another state or nation; and
- It will not be used in Idaho more than 90 days in any calendar year.
(HB 367, Effective July 1, 2001)



Where To Get Information

If you would like to know more about Idaho state taxes, call the Idaho State Tax Commission toll free at 1-800-972-7660 or contact any of the offices listed below:

Boise

800 Park Blvd., Plaza IV
(208) 334-7660

Pocatello

611 Wilson St., Suite 5
(208) 236-6244

Twin Falls

1038 Blue Lakes Blvd. N, Suite C
(208) 736-3040

Coeur d'Alene

1910 Northwest Blvd.,
Suite 100
(208) 769-1500

Lewiston

1118 F Street
(208) 799-3491

Idaho Falls

150 Shoup Ave., Suite 16
(208) 525-7116



HEARING IMPAIRED CALLERS:

Use the Idaho Relay Service (1-800-377-3529) to reach any Tax Commission office listed above.

Costs associated with this publication are available from the Idaho State Tax Commission in accordance with Section 60-202, Idaho Code.

TAX UPDATE is published quarterly and mailed to all sales and use tax account holders with their tax return forms. Unless otherwise noted, information in TAX UPDATE applies only to Idaho taxes. This newsletter is designed to provide general information only, and is not intended to offer comprehensive explanations of Idaho tax laws and rules. Specific questions should be addressed to the nearest State Tax Commission office. Comments about TAX UPDATE and suggestions for future issues should be sent to:

TAX UPDATE Editor
Public Information Office
State Tax Commission
P.O. Box 36
Boise, ID 83722



J U N E 2 0 0 1

This issue of Tax Update deals mainly with:
NEW TAX LAWS & RECREATION

IDAHO STATE TAX COMMISSION

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